GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1577
ANSWERED ON:28.11.2002
PETROLEUM POLICY
SUBODH ROY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the salient features of the new petroleum policy of the Government;

(b) whether the Government have framed rules about reservation in the new policy; and

(c) if so, the details thereof?

Answer

Minister of State in the Ministry of Petroleum & Natural Gas and Minister of State in the Ministry of Parliamentary Affairs (Shri Santosh Kumar Gangwar)

(a) to (c) : To impart greater thrust and efficacy to exploration efforts in the country, the Government has formulated New Exploration Licensing Policy (NELP) in 1997. This policy provides a level playing field for both private and public sector companies for award of exploration acreages through global competitive bidding. The salient features of NELP are given in Annexure.

ANNEXURE-I

Annexure referred to in reply to parts (a) to (c) of Lok Sabha Unstarred Question No. 1577 dated 28.11.2002 by Shri Subodh Ray

The broad terms of NELP are as under :-

- No signature, discovery or production bonus.
- No mandatory state participation.
- No carried interest by National Oil Companies (NOCs)
- Income Tax Holiday for seven years from start of commercial production.
- No customs duty on imports required for petroleum operations.
- Biddable cost recovery limit upto 100%.
- Option to amortize exploration and drilling expenditures over a period of 10 years from first commercial production.
- Biddable sharing of profit petroleum based on pre-tax investment multiple achieved by the contractor.
- Royalty for onland areas is payable at the rate of 12.5% for crude oil and 10% for natural gas. For offshore areas, it is payable at the rate of 10% for oil and natural gas. Royalty for discoveries in deepwater areas beyond 400 m iso-bath will be chargeable at half the applicable rate for offshore areas for the first seven years of commerical production.
- Fiscal stability provision in the contract.
- Freedom to the contractor for marketing of oil and gas in the domestic market.
- Provision for assignment.
- Conciliation and Arbitration Act, 1996 will be applicable.